

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Section 4-Receiveables 2.2	EFFECTIVE DATE: 3/31/95
TITLE: Grants Receiveables	REVISION DATE:
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**BACKGROUND**

Grants receivables occur when overpayments or prepayments have been made to a vendor and reported expenses, if any, are not sufficient to earn all disbursements made under the grant.

Identification and collection of grants receivables are joint responsibilities of the program division and the Bureau of Fiscal Services--Processing Section.

**POLICY**

Departmental policy is to identify and collect grants receivables in an efficient, prompt manner and to maximize collections. Wherever possible, receivables should be identified and collected within ninety (90) days of contract cancellation or ninety (90) days after contract close-out if there is no continuing contract.

If further efforts are needed, referral by the program division to a collection agency and/or Wisconsin Department of Justice may be required.

BFS CARS Unit responsibilities include prompt identification of overpayments and unearned prepayments, notifying vendors of any receivables due, and sending collection letters for a ninety (90) day period after the receivable is identified. In addition, the BFS CARS Unit shall record receivables on FMS, prepare a quarterly aging schedule of CARS receivables, transfer any receivables to the program division if collection efforts are unsuccessful after ninety (90) days, and write-off any uncollectible amounts of \$50.00 or less.

Program division responsibilities include notifying the BFS CARS Unit whenever there are indications that vendor services are not being performed, providing prompt information concerning vendor's mailing addresses, telephone numbers, etc., and following up on any additional collection efforts required after the grants receivable is transferred to the program division. Program divisions shall prepare required aging schedules, refer delinquent receivables to collection agencies or the Department of Justice, and prepare any write-off requests in accordance with departmental policies.

**PROCEDURES**

**BFS CARS Unit Responsibilities.**

1. **Determination of Liability.** The BFS CARS Unit shall determine if overpayments or unearned prepayments have been made and shall promptly initiate collection efforts based upon available information.
2. **Continuing Contracts.** During the contract year, receivables shall be offset against any current contracts. For vendors with continuing contracts, any amount due will be recouped against continuing contracts.
3. **Cancelled Contracts.** Program Divisions shall notify the BFS CARS Unit immediately when contracts are cancelled. When a contract is reduced to zero (cancelled completely) or terminated prior to the original end date, the BFS CARS Unit will send, within 30 days, an invoice to the vendor requesting any repayment. The collection letter shall specify that the vendor may meet their obligation to repay unearned grant funds by sending a valid expense report or a check to DHSS. The allowability of a final expense report for a terminated contract will be determined on a case-by-case basis, after consultation with the grant administrator.

Vendors whose contract has been terminated and a final expense report allowed shall have up to ninety days to file a final report; however, collection letters will be sent after 30 and 60 days. The final demand letter will specify that the receivable shall be sent to a collection agency if payment is not received by the specified date.

After 90 days, if the overpayment has not been recovered or an expense report filed, the receivable shall be transferred to the program division. The BFS CARS Unit will prepare the necessary journal voucher using account information provided by the program division.

4. **Address Unknown.** When correspondence is returned "address unknown," the BFS CARS unit shall forward the agency name, agency number and last known address to the program division and request that a current address be obtained and forwarded to the BFS CARS Unit. If a current address is not returned to the BFS CARS Unit within thirty-five (35) days, the receivable shall be transferred to the program division for further action.
5. **Closed Contracts and/or Late Reports.** After the grant close-out is completed, receivables shall be carried by the BFS CARS Unit for ninety (90) days, and collection letters sent to vendors with receivables after thirty (30) and sixty (60) days. After ninety (90) days past the grant close-out date, any receivable shall be transferred to the program division for referral to a collection agency.
6. **Write-off Requirements.** The BFS CARS Unit has the authority to write-off amounts up to \$5.00 without collection efforts. In addition,

if collection efforts required by **Receivables 2.0** have been met, amounts up to \$50.00 may be written off by the BFS CARS Unit.

7. **Quarterly Receivable Reports.** The BFS CARS Unit shall prepare a quarterly receivables report in accordance with **Receivables 5.0**. For internal monitoring purposes, all receivables greater than ninety (90) days shall be detailed by provider, amount and status.

**Program Division Responsibilities.**

1. **Vendor Information.** The program division shall promptly provide up-to-date information to the BFS CARS Unit regarding any circumstance that may result in an overpayment or unearned prepayment. This information includes, but is not limited to, telephone numbers, address changes, non-performance of grant conditions, names and addresses of agency officers where known. If information is not made available within thirty (30) days, the BFS CARS Unit shall transfer the receivable to the program division for collection.
2. **Cancellation of Contracts.** Program divisions shall notify the BFS CARS Unit immediately when contracts are terminated before the contract end date.
3. **Accounting Information.** The program division shall promptly provide accounting string information for the transfer of receivables to the BFS CARS Unit. The BFS CARS unit shall prepare the journal voucher and obtain approval of the journal voucher from the program division.
4. **Address Unknown.** After correspondence returned "address unknown" has been forwarded to the program division by the BFS CARS Unit, the program division shall undertake immediate efforts to determine the correct address including use of directory assistance, Department of Transportation--Division of Motor Vehicles, and information obtained by the program division's contract administrator. If a current address is located, the program division will forward it to the BFS CARS Unit. If a current address has not been located within thirty (30) days, the program division will notify the BFS CARS Unit to transfer the receivable to the program division for referral to a collection agency.
5. **Further Collection Efforts.** Upon transfer of the receivable to the program division, the program division shall perform additional collection efforts required by **Receivables 2.0** including referral to a collection agency and/or referral to the Wisconsin Department of Justice via the Office of Legal Counsel.
6. **Write-off Requests.** Write-off requests shall be in accordance with the **Receivables 6.0**.
7. **Quarterly Aging Schedules.** For all transferred grants receivables, the program division shall prepare the quarterly aging schedules required in **Receivables 5.0**.

REFERENCES

RECEIVABLES 2.0 (Debt Collection Policies)  
RECEIVABLES 5.0 (Accounts Receivable Aging Reports)  
RECEIVABLES 6.0 (Write-off of Accounts Receivable)

CONTACT PERSON

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